App. F. IX-4

Previous References
Rvd 5-34 (1-2)

1936..
(d. m)

File No. 15-36
Serial Nos. 1-4

Letter References.
Lre 21-3-42

p. 15 LE.

GENERAL AND REVENUE SECRETARIAT.

Serial Nos.

Part B for cell 38

SUBJECT.

Reduction of the rate of interest on cash credi allowed to the Land mortgage Bank

O 2494 dy 9.10.38

Regr. Co.

WD 0418—GPB—22,500—23-8-36

states that Government regret their inability to reduce the rate of interest on Cash-Credits as it will create an in-Convenient precedent

G. R. S. APP. F. III—1] 193 4837

GENERAL AND REVENUE SECRETARIAT.

(LM)

NOTES.

File No. 15-36

FILE HEADING.

Reduction of the rate of interest on the Cash credit allowed to the Land Mortgage Bank

FROM The Registrar of Co-operative Societies in Bangalore

No. 7330 Dated 8/3/37 Received 9-3-37

Diary No. 483 Enclos. 1 Spare copies Serial No. 1

BRIEF ABSTRACT OF LETTER

Requests in the circumstances explained sanction to the reduction of the rate of interest on cash credit allowed to the Land Mortgage Bank ~~[illegible]~~ on renewal of Cash credit at 3½ per cent

NOTES AND ORDERS.

LM 5-34-2
LM 17-36-2

1) The file refd to in the P VD are placed below with references flagged and marked a. P.11

2) It is seen that one of the terms under which Cash credit is allowed is that the rate of interest is subject to modification if there is a change in the prevailing rate of interest In connection with the enhancement of the rate of interest on balances held with the Bank

Flag. W

NOTES—First Sheet

WD 69—GBPM—5,000—14-7-31

Issued by the Bank in Oct 1935.
The Finance Secretary suggested that the rate of interest charged on cash credits may be lowered considering the market rate at present" and added that "3½ per cent or 4 per cent would be a fair rate against 4½ per cent now charged. But the Financial Secretary was of opinion that "the question may be considered when it is raised by the Bank"

Flag X
L/F & P 38
Para 12

Para 11

3) The Bank represented in connection with the floatation of a fresh series of debentures that the rate of interest on cash credit may be lowered to 3½ per cent - the rate at which the debentures were proposed to be issued. On this question the Financial Secretary was of opinion that "it is not possible or desirable to reduce the rate of interest on cash credit to less than 4½ per cent as suggested" and added that" this question does not require decision immediately and may be deferred for consideration for the present

Flag Z
L/F & P 17-36 (1-4)

Para 11

4) The Bank have renewed their request and the Resident C.S. requests that his proposal to fix the rate at 3½ per cent may be favourably considered and sanction obtained for the renewal of the cash credit of Rs 50000/- at 3½ per cent. Financial Secretary may again be consulted in the

483) (2) Reduction of rate on cash credits allowed to the Bank

Serial No.

matter. Links for orders

by 17/3/37 Secy, Secy

by 20.3.37

by H Secy W.C. WC 22/3/37

1) A cash credit is necessary only as a temporary arrangement until money is obtained by means of Debentures. and as a large Sum promised the taken by Govt. as Debentures is still undrawn. I do not see that there is any need for this Bank to actually draw against a cash credit and its requirements would be met by asking Govt to take a portion of the debentures which the Govt has promised to take. The question raised appears to be of a theoretical character & I do not think that a cash credit is necessary for this Bank as has been admitted by it in the past. On general grounds it is not desirable to reduce the rate to 3½% in this case as others will ask for similar treatment

Sir 19/4.

by 24.4.37

WD 0417—GPB—80,000—8-9-36

Remain in the rate of interest on the 4 8/3 bank credit allowed to the LM Bank

LM File No. 15 of 1936. General and Revenue Secretariat

Serial No.

9) Submitted for orders whether the views of the Finl Secy may be accepted and the Registrar replied in terms of the observations of the Finl Dept.

29/4/37

9) I have discussed this case with the Secy.

As stated by them the Bank have not had to use the cash credit and the rate of interest on it is a matter of no immediate practical importance. They could as well get Govt of India debentures if that is cheaper than using the cash credit.

10) To lower the rate of interest on the cash credit may become an inconvenient precedent. If the Bank does use the cash credit and pays any heavy amount as interest to Govt the small amount corresponding to the difference between the debenture rate and the cash credit rate may even be given as subvention to the Bank from year to year for a few years. Orders requested.

2/8/37

Secy to Member

10) The Regr may be asked if there is any difficulty in adopting

OFFICE OF THE SECOND MEMBER OF COUNCIL. 4 AUG 1937 NO 1018

Serial No.

1 ✓ 13/2

Reasons why Liberty on Cash credit of L. M. Bank

The alternatives suggested at A are the fair deduction from letter

Nil
5/8/37

Dft
6.8.37

11) Dft letter to the Registrar & submit proposal
6/8/37

12) Issued
by
6.8.37

Letter No D 1438 dated 10/8/37 to the Registrar enquiring whether the requirements of the Bank would be met by their asking for to take a portion of the debentures

GEN. & REV. SECRETARIAT
10 AUG 1937
DEVELOPMENT BRANCH

13) Dated with reference to Para 9 above the Bank state that they will utilise the Cash credit only if the public subscription falls short of Rs 3.19 lakhs. They restate their request that the rate on Cash credit be reduced to 8 1/2 %

For orders

Sd
9/9/37

14) Fr member
Home
Pl seen

Dft
15/9/37
by
15.9.87

FINANCIAL SECRETARY
U.O.No. Fi. 8...
16. SEP. 1937

15) Draft Govt order as per instructions

Sd
11/10/37

Dft
1.10.37

16) Fr member

NOTE—Contn. Sheet.

WD 0417—GPB—30,000—8-9-36

Reduction of interest on the Cash-credit allowed to the Central Co-operative Land Mortgage Bank

1372

L.M. File No. of 1936.

General and Revenue Secretariat

Serial No.	
	17) Dft letter to Registrar, may otherwise kindly submitted to Hon'ble Member as directed by the Hon'ble Member Sd/- 20/10/37 18) Issued Sd/- 20.10.37
4	The Registrar C.C.S. D 2898. 9-10-37 Declines to reduce the rate of interest on cash credits allowed to Central Cooperative L.M. Bank Ltd from 4½% to 3½% per annum Copy to Comptroller. D 2899. 9-10-37

Re-submitted after issue as directed in Para 17 above

Sd/- 20/10/37

Second Member

by 20.10.37

Hon'ble Minister

by 23.10.37

Sd/-

No. 7330 &c/ C.S.

GOVERNMENT OF MYSORE.

DEPARTMENT OF CO-OPERATION.

OFFICE OF THE REGISTRAR OF CO-OPERATIVE SOCIETIES IN MYSORE.

Telegraphic Address: "CO-OPERT" BANGALORE.

L.M 15-36-1

Dated, Bangalore, Camp Mysore 4th March, 193 7.

From

GULAM MOHADIN MEHKRI, ESQ., B.A., LL.B.,
Registrar of Co-operative Societies in Mysore,
BANGALORE.

PERSL. SECN. 9 MAR. 1937 DEVELOPMENT BRANCH

To

M. Venkatesa Iyengar, Esq., M.A.,
General Secretary to Government,
Bangalore.

GENERAL SECRETARY. 8 MAR. 1937

Sir,

In forwarding herewith a copy of letter No: S.F.366 dated 19th repruary 1937 received from the President of the Mysore Co-operative Land Mortgage Bank, Ltd., in the matter of the reduction of the rate of interest from 4½ to 3½ per cent on the cash-credit of Rs. 50,000/- sanctioned by Government to the Bank in their Order No: D.2386-8/L.M.5-34-2 dated 27/29th September 1934, I have the honour to invite your kind reference to para 3 of my letter No: Camp.29 dated 31st October 1936 on the subject and to request that my proposals in this respect may be considered favourably and sanction of Government obtained for the renewal of the Cash-credit of Rs. 50,000/- at 3½ %, the rate at which the fourth series of Debentures have been proposed to be floated.

I have the honour to be,

Sir,

Your most obedient servant,

G. M. Mehkri
5/3

Registrar.

DEPARTMENT OF CO-OPERATION.

OFFICE OF THE REGISTRAR OF CO-OPERATIVE SOCIETIES
IN MYSORE.

Letter No: S.I.366 dated 19th February 1937 from the President of the Land Mortgage Bank Ltd., Bangalore to the Registrar of Co-operative Societies in Mysore, Bangalore.

****

I have the honour to state that, in para 5 of my letter No: S. I.197 dated 22nd October 1936, seeking sanction to the floatation of the Fourth series of Debentures by the Bank, I had also requested that in view of the present conditions of the money market, sanction of Government might be kindly obtained for the interest payable on the cash credit of Rs. 50,000/- allowed to the Bank as per Government Order No: D.2386-8/L.M.5-34-2 dated 27/29th September 1934, being reduced to 3½ % per annum. In para 3 of your letter to the General Secretary to Government, you were also pleased to recommend that the rate of interest on the cash credit might be fixed at 3½ % which was the rate proposed for the new debentures. But, while sanctioning the issue of the Fourth series of Debentures, Government have not passed any orders as regards the rate of interest on the cash credit. I therefore request that Government may kindly be addressed again and their orders obtained in the matter.

- - - - - - - -

"Copy"

Registrar.

Appendix F G—1]

3

SUBJECT .....

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Section LM

File No. 15-36

Serial No. 2

Diary No. of letter replied to.....

No. D 1438

To

The Registrar Co.

General and Revenue Secretariat

( )

the *193*

Sir

With reference to your letter No 7330/Co. dated 8/3/37 recommending the renewal of Cash credit of Rs 5000/- to the Guntur Central Cooperative Land Mortgage Bank Ltd. at a reduced rate of interest of 3½ per cent per annum I am directed to enquire whether there is any need for the Bank to draw actually against the Cash credit and whether its requirements would not be met by their asking for to take a portion of the debentures which the Govt have promised to take.

A very early reply in the matter is required.

I have etc

Date of issue 10-8-37

Signed by M.K. Subba Rao

List of enclosures.....

Copied by .....

Examined by.....

6.8.37

J Secy to Govt

L.S. Dept

WD 0521—GPB—30,000—12-3-37

GOVERNMENT OF HIS HIGHNESS THE MAHARAJA OF MYSORE

General and Revenue Secretariat

No. D 1438/LSG. 15-36-2 Dated, Bangalore, 9th August 1937.
10 G

From

The *Secretary to the Government of His Highness the Maharaja of Mysore*

Local-Self Government Department.

To

The Registrar of Co-operative Societies in Mysore,
Bangalore.

Sir,

With reference to your letter No. 7330/C.S. dated 8th March 1937 recommending the renewal of cash credit of Rs.50,000/- to the Mysore Central Co-operative Land Mortgage Bank Ltd., at a reduced rate of interest of 3½ per cent per annum, I am directed to enquire whether there is any need for the Bank to draw actually against the cash credit and whether its - - requirements would not be met by their asking Government to take a portion of the debentures which the Government have promised to take.

A very early reply in the matter is requested.

I have the honor to be,
Sir,
Your most obedient servant,

Secretary to Government,
L. S. G. Department.

TRM.2

No. 1351 C. S. Ed. 1.

GOVERNMENT OF MYSORE.

4 SEP 1937
DEVELOPMENT BRANCH

DEPARTMENT OF CO-OPERATION.

OFFICE OF THE REGISTRAR OF CO-OPERATIVE SOCIETIES IN MYSORE.

Telegraphic Address:
"CO-OPERT"
Bangalore.

Dated Bangalore, 3rd September 1937.

L.S. GOVT. 3 SEP 1937 GOVT. OF MYSORE

L.M. 15-36-3 1312

Diary No 4837.

From

M. ABDUL HUKH, Esq., B.A.,
Registrar of Co-operative Societies in Mysore,
BANGALORE.

To

P.H.Krishna Rao,Esq.,M.A.,
Secretary to the Government of Mysore,
Local Selef Government Department,Bangalore

Sir,

With reference to your letter No.D.1438/L.M.15-36-2 dated 9th/10th August 1937 in the matter of the necessity for the cash-credit to the Mysore Central Co-operative Land Mortgage Bank,Ltd., I have the honour to forward herewith a copy of letter No.S.I.87 dated 30th August 1937 received from the President of the Central Land Mortgage Bank explaining the necessity for the cash credit. It is true that as stated in the letter, Government have agreed to subscribe to the debentures to the extent that public subscriptions fall short of the required amount. If it is the intention of Government to strictly keep to the letter of this order then a necessity may arise for the Bank to have a cash credit account with Government; but I presume that Government which has always been ready to give all reasonable help to the Bank would not mind meeting the requirements of the Bank by taking debentures of so much value,whether or not the Bank has exhausted tapping the public. Indeed it is what has been expressed in your letter No.D.1428/L.M.15-36-2 dated 9th/10th August 1937. In that case, the necessity for the cash credit as explained in the - Bank's letter does not exist.

I have the honour to be,
Sir,
Your most obedient servant,

Registrar.

L.S.2/9.

OFFICE OF THE REGISTRAR OF CO-OPERATIVE SOCIETIES IN MYSORE.

Letter No.S.I.87 dated 30th August 1937 from the President, the Mysore Central Co-operative Land Mortgage Bank,Ltd.,Bangalore, to the Registrar of Co-operative Societies in Mysore, Bangalore.

With reference to your Memo No.1308 dated 23-8-1937, forwarding a copy of letter No.D.1438/L.M.15-36-2 dated 9th/10th August 1937,from the Secretary to Government, Local Self Government Department, addressed to you, enquiring whether there is any need for the Bank to draw actually against the cash credit and whether its requirements would not be met by asking Government to take a portion of the debentures which the - Government have promised to take, and requesting me to intimate very early the views of the Bank in the matter, I have the honour to state that, while sanctioning the issue of the fourth series of debentures by the Bank, in their order No.D.4189-92/L.M.7-36-2 dated 6-1-1937, Government have also sanctioned the proposal that Government should take up debentures in this series for a sum of Rs.1,80,200 and it has also been stipulated in the order that "the debentures issued to Government will be limited to the extent that subscriptions from the public fall short of rupees five lakhs". This stipulation is understood to mean that Government could be approached for subscription to the debentures only when at least Rs.3,19,800 have been subscribed or if subscriptions for this amount cannot be obtained from the public. The cash credit would, therefore, be availed of only when, during the course of receipt of subscriptions from the public, there is need for drawing money for disbursement of loans, in excess of debenture subscriptions, for short periods, until such excess is recouped from subscriptions from the - public. If at any time, it is found that there is no likelihood of further subsriptions from the public being received, debentures would be issued to Government to the extent of cash credit availed of, from time to time, up to a total sum of Rs.1,80,200/-. A sum of Rs.1,32,00 has so far been subscribed, and there is still a balance of not less than Rs.1,87,800 open to subscription by the public. Though this amount also can be readily secured with some amount of canvassing, the Bank has been unwilling and tardy to accept subscriptions in excess of our immediate requirements as in the absence of adequate return on the - investment of the unutilised balances,which is the subject matter of

of another letter to you to-day - the Bank stands to lose by being required to pay interest at 3½ per cent to the debenture-holders w the balance remaining unutilised earns much lower rate of interes

For the foregoing reasons, I request that the cash credit already sanctioned may be continued, as though it may not be availed of immediately, it may have to be availed of when the subscriptions received have been fully utilised and pending the receipt of further subscriptions from the public. I also request that for reasons detailed by me in my previous communications the interest on the cash drawn from Government may be reduced to 3½ per cent whi of interest of the present issue of debentures.

=**********=

" Copy "

L.S.2/9.

Registrar.

10 Copies ab

D2898/..2.N.15-36-4

9-10-37

(Sd) M K. Subbaraya Rao

To 6

The Registrar of Co-operative
Societies in Mysore, Bangalore

S i r,

With reference to your letter No. 1939 dated 3rd September 1937 in the matter of reducing the rate of interest on the cash credit allowed to the Central Co-operative Land Mortgage Bank, Ltd., from 4½ to 3½% per annum, I am directed to state that Government regret their inability to reduce the rate of interest on cash credits as it will create an inconvenient precedent.

2. Government are prepared, however, MD 4185-92/Ln7-36-2 in modification of their Order dated 6/7th January 1937 ~~read above~~, to subscribe for the fourth issue of debentures of the Bank of 5 lacs Rs. issued at ~~3½~~%. up to a limit of Rs.1,80,200 promised by them, without waiting for the issue of the balance to the public, whenever the Bank is in need of money for the issue of long term loans.

I have etc.,

7/10/37

Secy.to Govt., L.S.G. Dept.

2899

Copy to Comptroller.

TSS.

GOVERNMENT OF HIS HIGHNESS THE MAHARAJA OF MYSORE.

No. D 2898/L.M. 15-36-4 General and Revenue Secretariat, 8th October

Dated Bangalore, 9.4 193

From

The

L.S.G. Department

Secretary to the Government of His Highness the Maharaja of Mysore.

To The Registrar of Co-operative Societies in Mysore, Bangalore.

Sir,

With reference to your letter Ec.1939 dated 3rd September 1937 in the matter of reducing the rate of interest on the cash credit allowed to the Central Co-operative Land Mortgage Bank, Ltd., from 4½ to 3½% per annum, I am directed to state that Government regret their inability to reduce the rate of interest on cash credits as it will create an inconvenient precedent.

2. Government are prepared, however, in modification of their Order No.D.4189-98/L.M.7-36-2 dated 4/7th January 1937, to subscribe for the fourth issue of debentures of the Bank of Rs.5 lacs issued at 3½%, up to a limit of Rs.1,80,800 promised by them, without waiting for the issue of the balance to the public, whenever the Bank is in need of money for the issue of long term loans.

I have the honour to be,
Sir,
Your most obedient Servant,

K. Rama Rao
for Secy. to Govt., L.S.G. Dept.

K.R.R.

GOVERNMENT OF HIS HIGHNESS
THE MAHARAJA OF MYSORE.

111

General and Revenue Secretariat

Requisition for papers

Section G. M.

A

B

Filed

Deposit No.

File No. 14-36 1-7

Serial No. 4

For Diary No. 5098 of 1946

Signature M. Lakshmanaiah

Branch I M

Section C. S.

Date 3/6/47